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PAYWARD VENTURES, INC., d/b/a
KRAKEN OR KRAKEN.COM

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

PAYWARD VENTURES INC., d/b/a
KRAKEN OR KRAKEN.COM, OR ITS
PREDECESSORS, SUBSIDIARIES,
DIVISIONS, OR AFFILIATES,

Respondent.

Case No. 3:23-MC-80029-JCS

**DECLARATION OF GRANT P. FONDO
IN SUPPORT OF PAYWARD
VENTURES, INC.'S OPPOSITION TO
PETITION TO ENFORCE INTERNAL
REVENUE SERVICE SUMMONS**

Date: May 19, 2023
Time: 9:30 a.m.
Courtroom: F (15th Floor)
Judge: Hon. Joseph C. Spero

DECLARATION OF GRANT P. FONDO

I, Grant P. Fondo, do hereby declare and state as follows:

1. I am a partner in the law firm of Goodwin Procter LLP, counsel of record for Payward Ventures, Inc., d/b/a Kraken or Kraken.com (“Kraken”) in the above-entitled case. I am licensed to practice law in the State of California, and I am duly admitted to practice in the U.S. District Court for the Northern District of California. I submit this declaration in support of Kraken’s Opposition to the Petition to Enforce the IRS Summons.

2. I have personal knowledge of the facts set forth in this declaration and, if called as a witness, could and would competently testify to the matters set forth herein.

3. On May 11, 2021, Kraken was served with a John Doe Summons.

4. Following service of the Summons on Kraken, I spoke with the IRS on Kraken’s behalf to negotiate the scope of the Summons, in particular given its departure from the limited scope of requests permitted in *U.S. v. Coinbase, Inc.* and the large burden that responding to the requests would impose on Kraken.

5. I had a number of discussions with the IRS, including regarding the broad scope of the Summons. During these calls and in written correspondence, I provided information to the IRS regarding Kraken’s platform, storage systems, and ability or inability to search, collect, and produce the information or records requested by the IRS. I know that Kraken employees expended significant time and resources to obtain the information that we provided to the IRS during these conversations.

6. During our discussions and in written correspondence, I raised (and reiterated) various concerns associated with the overbreadth of the requests, including Kraken’s concern that the requests far exceeded what was ordered in *Coinbase*. In addition, we discussed the considerable burdens that would be imposed on Kraken associated with fulfilling the IRS’s requests—especially given that the information is not easily retrieved—and concerns about protecting user privacy.

7. After many months of negotiation, the parties reached an impasse. Kraken was unwilling to agree to such a broad summons, and the IRS refused to narrow the requests identified in the Court’s May 5, 2021 order authorizing service of the Summons.

